



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Scott Hirschi
Division Director

3 Triad Center, Suite 400
355 West North Temple
Salt Lake City, Utah 84180-1204
801-538-5508
801-355-0922 (Fax)

m/041/012

January 7, 1994

Western Clay Company
PO Box 1067
Aurora, UT 84620

Dear Lessee:

RE: Utah State Clay Lease ML 1937
Utah State Building Stone/Limestone Lease ML 29434

It appears that as we discussed in our telephone conversation, the letters of credit for the leases listed above renew automatically unless notice is given. Therefore, you may disregard my previous letter asking you to make arrangements for replacement bonding. I am sorry for the inconvenience. I will send a copy of this letter to the Division of Oil, Gas, & Mining so that they are aware of the situation.

Should you have any further questions concerning this matter, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jerry W. Mansfield'.

JERRY W. MANSFIELD
MINERAL RESOURCES SPECIALIST

JWM/tdw

cc: Joelle Burns
DOGM



m/041/012

**First
Security
Bank
of Utah**

NATIONAL ASSOCIATION
INTERNATIONAL BANKING

IRREVOCABLE STANDBY LETTER OF CREDIT NO. —

ISSUED IN Salt Lake City, Utah on 08 MAR 1990

APPLICANT:

NEAL J. MORTENSEN AND FRED D.
MORTENSEN DBA WESTERN CLAY CO.
P.O. BOX 127
AURORA, UTAH 84620-0127

BENEFICIARY:

UTAH STATE LAND AND FORESTRY
355 WEST NORTH TEMPLE
3 TRIAD CENTER, SUITE 400
SALT LAKE CITY, UTAH 84180-1204

AMOUNT: USD ***17,600.00
SEVENTEEN THOUSAND SIX HUNDRED AND
00/100 UNITED STATES DOLLARS

DATE AND PLACE OF EXPIRY:
16 FEB 1991
Our counters

We hereby issue in your favor this documentary credit which is available by payment of your draft(s) drawn on us at sight bearing the number of this Letter of Credit accompanied by the following documents:

1. Beneficiary's signed statement reading precisely as follows:

"The funds drawn by the attached draft are due. We certify that Western Clay Co. has not complied with terms and conditions of Utah State Clay Lease No. ML1937."

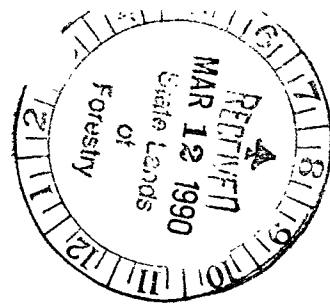
2. This original Letter of Credit.

It is a condition of this letter of credit that it shall be deemed automatically extended without amendment for one (1) year from the present or any future expiry date hereof, unless at least thirty (30) days prior to any such expiry date we shall notify you in writing that we elect not to renew this letter of credit for such additional period of one year.

Except so far as otherwise expressly stated, this letter of credit is subject to the Uniform Customs and Practice for Documentary Credits, 1983 Revision, International Chamber of Commerce Publication no. 400.

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L/C #: -
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PARTIAL DRAWINGS PERMITTED.

MULTIPLE DRAWINGS PERMITTED.

We hereby agree to honor each draft drawn under and in compliance with the terms of this credit, if duly presented (together with the documents as specified) at our office on or before the expiry date of this credit.


AUTHORIZED SIGNATURE(S)